



February 15, 2013

TO: Chairman Mike Miller and members of the House Taxation Committee

RE: HB443 Revise termination and authorization of tax increment financing

I am writing this letter on behalf of the Butte Local Development Corporation (BLDC) expressing our opposition to HB 443. The provisions of this legislation would severely harm one of the most effective economic development tools that local governments currently have, that being Tax Increment Financing (TIF).

Limiting the length of bonds to 15 years from the establishment of the TIF would render the marketability of bonds to pay for badly needed infrastructure virtually useless. Once a TIF is established it takes several years for the development within the district to create enough increment to pay the debt financing for a bond of any size. Also, granting the Department of Revenue the authority to change the administration of the TIF through administrative rules would cast a shadow of uncertainty for the long term revenue stream to pay off bonds. Those entities that purchase TIF bonds in the marketplace would see this as a huge disincentive.

Butte has benefited greatly through the utilization of TIF. Our industrial park issued approximately \$54 million in TIFID bonds to pay for infrastructure associated with the construction of the ASiMI (REC Silicon) polysilicon plant. This infrastructure has made it possible to attract several other facilities to the area and help create approximately 475 direct jobs. The local economy has received additional benefits through the support services needed for these companies. Without the ability to issue long-term TIFID bonds, these jobs would have not been created.

In addition, Butte's historic uptown area has seen major infrastructure improvements through our Urban Revitalization Authority that utilizes TIF financing. A recent study showed that 43 new businesses are located in this area with the help of the URA.

Once again the BLDC strongly opposes HB 443 and ask that you cast a "Do not Pass" vote on this legislation.

Thank you in advance for your support.

Sincerely,

Jim Smitham
Executive Director

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